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**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

21 In re:
 22 USA COMMERCIAL MORTGAGE COMPANY,

23 Debtor.

24 Case No. BK-S-06-10725 LBR
 25 Case No. BK-S-06-10726 LBR
 26 Case No. BK-S-06-10727 LBR
 27 Case No. BK-S-06-10728 LBR
 28 Case No. BK-S-06-10729 LBR

29 In re:
 30 USA CAPITAL REALTY ADVISORS, LLC,

31 Debtor.

32 Chapter 11

33 In re:
 34 USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,
 35 Debtor.

36 **Jointly Administered Under
 37 Case No. BK-S-06-10725 LBR**

38 In re:
 39 USA CAPITAL FIRST TRUST DEED FUND, LLC,
 40 Debtor.

41 **MONTHLY OPERATING REPORT
 42 FOR MAY 2006 (AFFECTS USA
 43 CAPITAL DIVERSIFIED TRUST
 44 DEED FUND, LLC)**

45 In re:
 46 USA SECURITIES, LLC,
 47 Debtor.

48 Affects:

- 49 All Debtors
- 50 USA Commercial Mortgage Company
- 51 USA Capital Realty Advisors, LLC
- 52 USA Capital Diversified Trust Deed Fund, LLC
- 53 USA Capital First Trust Deed Fund, LLC
- 54 USA Securities, LLC

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re: USA Diversified Trust Deed Fund, LLC

Case No.

06-10727-LBR

CHAPTER 11 MONTHLY OPERATING REPORT (GENERAL BUSINESS CASE)

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: 05/31/06

PETITION DATE: 04/13/06

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).
Dollars reported in \$1

Dollars reported in \$1

<u>End of Current Month</u>	<u>End of Prior Month</u>	<u>As of April 13, 2006</u>
\$25,984,072	\$24,938,701	
\$131,052,215	\$130,007,023	\$124,507,855
\$0	\$70,643	
\$885,420	\$956,063	\$885,649

3. Statement of Cash Receipts & Disbursements for Month

<u>Current Month</u>	<u>Prior Month</u>	<u>(Case to Date)</u>
\$203	\$2,367	\$2,570
\$195,273		\$195,273
(\$195,070)	\$2,367	(\$192,703)
\$831,249	\$828,882	\$828,882
\$636,179	\$831,249	\$636,179

4. Profit/(Loss) from the Statement of Operations

<u>Current Month</u>	<u>Prior Month</u>	<u>(Case to Date)</u>
\$1,115,835	\$612,097	\$1,727,932
\$0	\$0	
\$0	\$70,643	
\$0	\$0	

At the end of this reporting month:

8.	Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee)	<hr/>	x
9.	Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee)	<hr/>	x
10.	If the answer is yes to 8 or 9, were all such payments approved by the court?	<hr/>	<hr/>
11.	Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee)	x	<hr/>
12.	Is the estate insured for replacement cost of assets and for general liability?	<hr/>	x
13.	Are a plan and disclosure statement on file?	<hr/>	x
14.	Was there any post-petition borrowing during this reporting period?	<hr/>	x
15.	Check if paid: Post-petition taxes <u>N/A</u> ; U.S. Trustee Quarterly Fees <u>X</u> ; Check if filing is current for: Post-petition tax reporting and tax returns: <u>N/A</u> . (Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)		

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct. *[Signature]*

Date: 7/20/06

Responsible Individual

STATEMENT OF OPERATIONS
(General Business Case)
For the Month Ended 05/31/06

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

BALANCE SHEET
(General Business Case)
For the Month Ended 05/31/06

Assets

		<u>From Schedules</u>	<u>Market Value¹</u>
Current Assets			
1	Cash and cash equivalents - unrestricted		<u>\$636,179</u>
2	Cash and cash equivalents - restricted		
3	Accounts receivable (net)	A	<u>\$0</u>
4	Inventory	B	<u>\$0</u>
5	Prepaid expenses		
6	Professional retainers		
7	Other: <u>Accrued interest (net)</u>		<u>\$25,347,893</u>
8			
9	Total Current Assets		<u>\$25,984,072</u>
Property and Equipment (Market Value)			
10	Real property	C	<u>\$0</u>
11	Machinery and equipment	D	<u>\$0</u>
12	Furniture and fixtures	D	<u>\$0</u>
13	Office equipment	D	<u>\$0</u>
14	Leasehold improvements	D	<u>\$0</u>
15	Vehicles	D	<u>\$0</u>
16	Other:	D	<u></u>
17		D	<u></u>
18		D	<u></u>
19		D	<u></u>
20		D	<u></u>
21	Total Property and Equipment		<u>\$0</u>
Other Assets			
22	Loans to shareholders		
23	Loans to affiliates		
24	<u>Notes receivable (net of allowance)</u>		<u>\$69,973,758</u>
25	<u>Intercompany receivable - USA Commercial Mortgage</u>		<u>\$18,914,005</u>
26	<u>Intercompany receivable - Other</u>		<u>\$16,180,380</u>
27			
28	Total Other Assets		<u>\$105,068,143</u>
29	Total Assets		<u>\$131,052,215</u>

NOTE:

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

1 - The method used to estimate the market value of assets was net book value at the end of the current reporting period as market value has not been determined.

Liabilities and Equity
(General Business Case)

Liabilities From Schedules

Post-Petition

Current Liabilities

30	Salaries and wages	
31	Payroll taxes	
32	Real and personal property taxes	
33	Income taxes	
34	Sales taxes	
35	Notes payable (short term)	
36	Accounts payable (trade)	A \$0
37	Real property lease arrearage	
38	Personal property lease arrearage	
39	Accrued professional fees	
40	Current portion of long-term post-petition debt (due within 12 months)	
41	Other: _____	
42	_____	
43	_____	
44	Total Current Liabilities	\$0

Long-Term Post-Petition Debt, Net of Current Portion

45	Total Post-Petition Liabilities	\$0
----	--	-----

Pre-Petition Liabilities (allowed amount)¹

47	Secured claims ¹	F \$0
48	Priority unsecured claims ¹	F \$0
49	General unsecured claims ¹	F \$885,420
50	Total Pre-Petition Liabilities	\$885,420
51	Total Liabilities	<u>\$885,420</u>

Equity (Deficit)

52	Retained Earnings/(Deficit) at time of filing	\$49,422,100
53	Capital Stock	
54	Additional paid-in capital	
55	Cumulative profit/(loss) since filing of case	\$1,727,932
56	Post-petition contributions/(distributions) or (draws)	
57	<u>General and Limited Partners Equity</u>	\$79,016,763
58	Market value adjustment	
59	Total Equity (Deficit)	<u>\$130,166,795</u>
60	Total Liabilities and Equity (Deficit)	<u>\$131,052,215</u>

NOTE:

1 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court. The pre-petition liabilities' amounts above reflect the claimed amounts filed on Schedules.

SCHEDULES TO THE BALANCE SHEET (General Business Case)

Schedule A
Accounts Receivable and (Net) Payable

Receivables and Payables Agings	Accounts Receivable [Pre and Post Petition]	Accounts Payable [Post Petition]	Past Due Post Petition Debt
0 -30 Days			
31-60 Days			
61-90 Days			
91+ Days			\$0
Total accounts receivable/payable	\$0	\$0	
Allowance for doubtful accounts			
Accounts receivable (net)	\$0		

Schedule B
Inventory/Cost of Goods Sold

<u>Types and Amount of Inventory(ies)</u>	<u>Inventory(ies)</u> <u>Balance at</u> <u>End of Month</u>	<u>Cost of Goods Sold</u>
Retail/Restaurants - Product for resale	_____	Inventory Beginning of Month Add - Net purchase Direct labor Manufacturing overhead Freight in Other: _____
Distribution - Products for resale	_____	Less - Inventory End of Month Shrinkage Personal Use _____
Manufacturer - Raw Materials Work-in-progress Finished goods	_____	Cost of Goods Sold
Other - Explain	_____	\$0
TOTAL	_____	\$0

Method of Inventory Control

Do you have a functioning perpetual inventory system?

How often do you take a complete physical inventory?

Weekly

Monthly

Quarterly

Semi-annually

Annually

Date of last physical inventory was _____

Date of next physical inventory is

Inventory Valuation Methods

Indicate by a checkmark method of inventory used.

Valuation methods -

FIFO cost

LIFO cost

Lower of cost or market

Lower of cost Retail method

Return
Other

Other Examples

Schedule C
Real Property

Description	<u>Cost</u>	<u>Market Value</u>
Total	\$0	\$0

Schedule D
Other Depreciable Assets

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Total	\$0	\$0
Furniture & Fixtures -		
Total	\$0	\$0
Office Equipment -		
Total	\$0	\$0
Leasehold Improvements -		
Total	\$0	\$0
Vehicles -		
Total	\$0	\$0

Schedule E
Aging of Post-Petition Taxes
(As of End of the Current Reporting Period)

Taxes Payable	<u>0-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91+ Days</u>	Total
Federal					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
Total Federal Taxes	\$0	\$0	\$0	\$0	\$0
State and Local					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
Total State & Local Taxes	\$0	\$0	\$0	\$0	\$0
Total Taxes	\$0	\$0	\$0	\$0	\$0

Schedule F
Pre-Petition Liabilities

List Total Claims For Each Classification -	<u>Claimed¹</u>	<u>Allowed²</u>
	<u>Amount</u>	<u>Amount (b)</u>
Secured claims (a)		
Priority claims other than taxes		
Priority tax claims		
General unsecured claims	<u>\$885,420</u>	

(a) List total amount of claims even it under secured.
 (b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

Schedule G
Rental Income Information
Not applicable to General Business Cases

Schedule H
Recapitulation of Funds Held at End of Month

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>	<u>Account 4</u>
Bank	Bank of America			
Account Type	Analyzed Checking			
Account No.	3755532451			
Account Purpose	General			
Balance, End of Month	\$636,179			
Total Funds on Hand for all Accounts	<u>\$636,179</u>			

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

NOTES:

1 - Claimed Amounts reflects amounts filed on schedules and is subject to change as proof of claims are filed and further pre-petition invoices are identified.
 2 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 05/31/06

		Actual Current Month	Cumulative (Case to Date)
Cash Receipts			
1	Rent/Leases Collected		
2	Cash Received from Sales		
3	Interest Received		
4	Borrowings		
5	Funds from Shareholders, Partners, or Other Insiders		
6	Capital Contributions		
7	Return of Funds, Pre-petition Check Cashed in Error	\$203	\$203
8			
9			
10			
11			
12	Total Cash Receipts	\$203	\$2,570
Cash Disbursements			
13	Payments for Inventory		
14	Selling		
15	Administrative		
16	Capital Expenditures		
17	Principal Payments on Debt		
18	Interest Paid		
19	Rent/Lease:		
20	Personal Property		
21	Real Property		
22	Amount Paid to Owner(s)/Officer(s)		
23	Salaries		
24	Draws		
25	Commissions/Royalties		
26	Expense Reimbursements		
27	Other		
28	Salaries/Commissions (less employee withholding)		
29	Management Fees	\$195,273	\$195,273
30	Taxes:		
31	Employee Withholding		
32	Employer Payroll Taxes		
33	Real Property Taxes		
34	Other Taxes		
35	Other Cash Outflows:		
36			
37			
38	Total Cash Disbursements:	\$195,273	\$195,273
39	Net Increase (Decrease) in Cash	(\$195,070)	(\$192,703)
40	Cash Balance, Beginning of Period	\$831,249	\$828,882
41	Cash Balance, End of Period	\$636,179	\$636,179

STATEMENT OF CASH FLOWS
 (Optional) Increase/(Decrease) in Cash and Cash Equivalents
 For the Month Ended 05/31/06

		<u>Actual</u>	<u>Cumulative</u>
		<u>Current Month</u>	<u>(Case to Date)</u>
	Cash Flows From Operating Activities		
1	Cash Received from Sales		
2	Rent/Leases Collected		
3	Interest Received		\$2,367
4	Cash Paid to Suppliers		
5	Cash Paid for Selling Expenses		
6	Cash Paid for Administrative Expenses		
	Cash Paid for Rents/Leases:		
7	Personal Property		
8	Real Property		
9	Cash Paid for Interest		
10	Cash Paid for Net Payroll and Benefits		
	Cash Paid to Owner(s)/Officer(s):		
11	Salaries		
12	Draws		
13	Commissions/Royalties		
14	Expense Reimbursements		
15	Other		
	Cash Paid for Taxes Paid/Deposited to Tax Acct		
16	Employer Payroll Tax		
17	Employee Withholdings		
18	Real Property Taxes		
19	Other Taxes		
20	Cash Paid for General Expenses		
21	Return of Funds, Pre-petition Check Cashed in Error	(\$203)	(\$203)
22	Management Fees	\$195,273	\$195,273
23			
24			
25			
26			
27	Net Cash Provided (Used) by Operating Activities before Reorganization Items	(\$195,070)	(\$192,703)
	Cash Flows From Reorganization Items		
28	Interest Received on Cash Accumulated Due to Chp 11 Case		
29	Professional Fees Paid for Services in Connection with Chp 11 Case		
30	U S. Trustee Quarterly Fees		
31			
32	Net Cash Provided (Used) by Reorganization Items	\$0	\$0
33	Net Cash Provided (Used) for Operating Activities and Reorganization Items	(\$195,070)	(\$192,703)
	Cash Flows From Investing Activities		
34	Capital Expenditures		
35	Proceeds from Sales of Capital Goods due to Chp 11 Case		
36			
37	Net Cash Provided (Used) by Investing Activities	\$0	\$0
	Cash Flows From Financing Activities		
38	Net Borrowings (Except Insiders)		
39	Net Borrowings from Shareholders, Partners, or Other Insiders		
40	Capital Contributions		
41	Principal Payments		
42			
43	Net Cash Provided (Used) by Financing Activities	\$0	\$0
44	Net Increase (Decrease) in Cash and Cash Equivalents	(\$195,070)	(\$192,703)
45	Cash and Cash Equivalents at Beginning of Month	\$831,249	\$828,882
46	Cash and Cash Equivalents at End of Month	<u>\$636,179</u>	<u>\$636,179</u>

USA Diversified Trust Deed Fund, LLC
Attachment A - Payments to Insiders
May 1, 2006 - May 31, 2006

Date of Payment	Name of Payee	Purpose of Payment	Amount of Payment
5/22/2006	USA Capital Realty Advisors, LLC	Management Fees	\$ 124,629.78
5/23/2006	USA Capital Realty Advisors, LLC	Management Fees	\$ 70,643.29
Total Insider Payments			\$ 195,273.07